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E.O. 12958: DECL: 08/08/2017

TAGS: IR KN KNNP PARM PREL  
SUBJECT: ONGOING PROLIFERATION FINANCE ACTIVITIES BY IRAN  
AND NORTH KOREA

REF: STATE 072416

Classified By: ISN PDAS Patricia McNerney for reasons 1.4 (b) and (d).

11. (SBU) This is an action request, please see paragraph 2.

12. OBJECTIVES:

-- Alert host government officials about financial transactions related to entities in their jurisdictions that have previously been involved in proliferation of conventional arms and urge appropriate authorities to investigate such transactions, especially correspondent relationships, and to take steps to freeze any accounts held or transactions conducted in support of proliferation activities.

-- We would also like to urge appropriate authorities to investigate such transactions, especially correspondent relationships and to take steps to freeze any accounts held or transactions conducted in violation of or in order to circumvent measures imposed in UNSCRs 1718, 1737, or 1747.

13. ACTION REQUEST: Washington requests that addressees deliver the non-paper in paragraph 4 to appropriate host government officials, including the Finance Ministry and Ministry of Foreign Affairs.

14. BACKGROUND/NONPAPER FOR GERMANY AND FRANCE:

-- (S/REL TO GERMANY, FRANCE) Begin text of background/non-paper:

-- (S/REL GERMANY, FRANCE) In light of our commitment to share as much information with your government as possible about financial transactions involving entities designated under UNSCRs 1737 or 1747, we would like to raise serious concerns about Iranian and North Korean financial activities in your jurisdiction.

-- (S/REL GERMANY, FRANCE) It has long been the policy of the United States to prevent the use of the international financial system for the purpose of conducting illicit or proliferation-related financial transactions, and to urge our international partners to do the same.

-- (S/REL GERMANY, FRANCE) We are concerned that Iranian and North Korean entities are developing new routes for financial transactions to circumvent UN sanctions. We suspect they are also engaging in deceptive financial practices such as the use of front companies or correspondent accounts that obscure the origin or end user of funds.

-- (S/REL GERMANY, FRANCE) North Korea's Green Pine

Associated Corporation is an entity that maintains a presence in Iran and has financial ties to Bank Sepah. As you know Bank Sepah is subject to UN sanctions under UNSCR 1747.

-- (S/REL GERMANY, FRANCE) (THE FOLLOWING INFORMATION SHOULD BE DELIVERED VERBATIM.) As of early April 2007, Green Pine Associated Corporation experienced difficulties with money transfers out of Iran as a result of Iran's central bank (Bank Markazi) prohibition on overseas transfers and new letters of credit. It tried unsuccessfully to move money through Iran's Bank Sepah, which is subject to sanctions under UNSCR 1747. But it recently succeeded in routing funds through a bank on Kish Island.

(S/REL GERMANY) POINTS FOR GERMANY ONLY:

-- (S/REL GERMANY) (THE FOLLOWING INFORMATION SHOULD BE DELIVERED VERBATIM.) We have further information on the transaction mentioned above for Germany only that North Korea's Green Pine Associated Corporation was to receive almost \$4 million in late December and early January 2007. Iranian banks in Hamburg, Germany, Kish Island and Tehran facilitated the transaction. We do not have further information to share regarding the specific bank in Hamburg. Bank Sepah was also involved in facilitating the transaction.

This payment could be related to North Korea's sale of military-related goods. Green Pine in Iran received the payment in an account established in the name of the North Korean Embassy in Iran, likely in an attempt to conceal its identity and avoid scrutiny.

- POINTS FOR GERMANY AND FRANCE:

-- (S/REL GERMANY, FRANCE) We are concerned about the transfers between Iran's Bank Sepah and North Korea's Green Pine, which have previously been involved in military-related transactions. These transfers could be in violation of or designed to circumvent measures imposed in UNSCRs 1737 and 1747. As such, UN Member States may be required under these resolutions to prevent or prohibit these transfers and/or freeze any assets involved.

-- (S/REL GERMANY, FRANCE) As you know, the UN Security Council unanimously adopted Chapter VII sanctions against both Iran and North Korea under UNSCRs 1737/1747 and 1718, respectively. These resolutions aim to limit the proliferation of WMD, their means of delivery and of major conventional arms to and/or from these countries.

-- (S/REL GERMANY, FRANCE) In the spirit of our continued non-proliferation cooperation, we urge your government to investigate North Korea's and Iran's financial transactions through your jurisdiction and to take steps to prevent illicit or proliferation-related transactions, including by freezing any accounts held or transactions conducted in support of proliferation activities.

-- (S/REL GERMANY, FRANCE) We look forward to working with you on this and other related security and counter-proliferation matters, and are prepared to provide additional assistance as appropriate.

End background/non-paper for Germany and France.

15. REPORTING DEADLINE AND POINT OF CONTACT:(U) Appreciate Post's assistance. Please report delivery of the U.S. non-paper and any immediate response within seven (7) business days of receipt of this cable. Please slug replies for ISN, T, TREASURY, NEA, EUR and EAP. Questions may be directed to ISN/CPI, Kevin McGeehan at mcgeehankj@state.gov or 202-647-5408.

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